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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY _____

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

September 2010 Grand Jury

CR 11-0542

UNITED STATES OF AMERICA,

Plaintiff,

v.

JAMES LLOYD,
ALLEN BRUCE AGLER,
aka "Paul Kingman,"
JOEL LEE CRAFT, JR.,
ROBERT KESKEMETY,
JADY LAURENCE HERRMANN,
JOSEPH MCCARTHY,
MATTHEW BRYAN WELLMAN-MACKIN,
DANIEL MORABITO, and
ROBERT RAMIREZ,

Defendants.

No. CR

I N D I C T M E N T

[18 U.S.C. § 371: Conspiracy;
18 U.S.C. § 1341: Mail Fraud;
18 U.S.C. § 1343: Wire Fraud;
15 U.S.C. §§ 77e and 77x:
Offer and Sale of Unregistered
Securities; 18 U.S.C.
§ 1957(a): Monetary
Transactions in Property
Derived from Illegal Activity;
26 U.S.C. § 7201: Tax Evasion;
18 U.S.C. § 2: Aiding and
Abetting and Causing An Act To
Be Done]

The Grand Jury charges:

[Signature]
SAC; EML: sac

COUNT ONE

[18 U.S.C. § 371]

A. INTRODUCTORY ALLEGATIONS

1. At all times relevant to this Indictment:

a. JAMES LLOYD ("defendant LLOYD") resided in Lake Arrowhead, California. Defendant LLOYD was a telemarketing "closer" (that is, an experienced member of the telemarketing staff who would finalize sales) first retained by co-conspirator #1 in or about 2007 to raise funds for the film "Eye of the Dolphin." Defendant LLOYD operated his own telemarketing room (also known as a "boiler room," "independent sales office," or "ISO") and employed and paid other telemarketers, both "closers" and "fronters" (that is, less experienced members of the telemarketing staff who would cold-call potential investors and pass the names of those who were interested to closers who could conclude the sale), to help raise funds for the film "Eye of the Dolphin" ("Dolphin 1") and its sequel, "Way of the Dolphin," also known as "Beneath the Blue" ("Dolphin 2") (collectively "the Dolphin Movies").

b. ALLEN BRUCE AGLER, also known as "Paul Kingman" ("defendant AGLER"), resided in Sherman Oaks, California. Defendant AGLER was a telemarketing closer retained by defendant LLOYD in or about 2007 to raise funds for the Dolphin Movies.

c. JOEL LEE CRAFT JR. ("defendant CRAFT") resided in San Clemente, California. Defendant CRAFT was the founder and Chief Executive Officer of American Information Strategies, Inc.

1 d. ROBERT KESKEMETY ("defendant KESKEMETY") resided
2 in Hallandale, Florida. Defendant KESKEMETY was a telemarketing
3 closer retained by co-conspirator #1 in or about 2004 to raise
4 funds for film projects produced by co-conspirator #1, including
5 Dolphin 1 and Dolphin 2.

6 e. JADY LAURENCE HERRMANN ("defendant HERRMANN")
7 resided in Los Angeles, California. Defendant HERRMANN was a
8 telemarketing closer retained by defendant LLOYD in or about 2007
9 to raise funds for the Dolphin Movies.

10 f. JOSEPH MCCARTHY ("defendant MCCARTHY") resided in
11 Boynton Beach, Florida. Defendant MCCARTHY was a telemarketing
12 closer retained by co-conspirator #1 in or about 2008 to raise
13 funds for the Dolphin Movies.

14 g. MATTHEW BRYAN WELLMAN-MACKIN ("defendant WELLMAN")
15 resided in Los Angeles, California. Defendant WELLMAN was a
16 telemarketing closer retained by defendant LLOYD in or about 2007
17 to raise funds for the Dolphin Movies.

18 h. DANIEL MORABITO ("defendant MORABITO") resided in
19 Hermosa Beach, California. Defendant MORABITO was a
20 telemarketing closer retained by defendant LLOYD in or about 2007
21 to raise funds for the Dolphin Movies.

22 i. ROBERT RAMIREZ ("defendant RAMIREZ") resided in
23 San Pedro, California. Defendant RAMIREZ was retained by co-
24 conspirator #1 and was responsible for investor relations for
25 film projects produced by co-conspirator #1, including the
26 Dolphin Movies.

1 j. Co-conspirator #1 was a former clandestine officer
2 with the Central Intelligence Agency who wrote, produced, and
3 directed independent motion pictures in Southern California
4 beginning in the early 1990s. Co-conspirator #1 wrote, produced,
5 and directed the film Dolphin 1 and produced and directed
6 Dolphin 2.

7 2. Defendants LLOYD, AGLER, CRAFT, KESKEMETY, HERRMANN,
8 MCCARTHY, WELLMAN, MORABITO, and RAMIREZ (collectively "the
9 defendants"), together with others known and unknown to the Grand
10 Jury, used the following companies in furtherance of the
11 conspiracy:

12 a. Q Media Assets LLC, also known as ("aka")
13 "Quantum Media," aka "Q Media," and "Movie Bank," "MB Studio
14 Partners," "MB Partners," "MBP International LLC," "Quantum
15 Management Associates LLC," "Paradise Productions LLC," and
16 "Paradise Productions II LLC" (collectively, the "Q Media
17 entities"), were companies registered and used by co-conspirator
18 #1 in his business of producing, directing, and distributing
19 independent motion pictures, including the Dolphin Movies.

20 b. American Information Strategies, Inc. ("AIS") was
21 a corporation located in San Clemente, California. Defendant
22 CRAFT founded and owned AIS. AIS was in the business of selling
23 investor lead lists to companies and telemarketing operations
24 interested in soliciting investors through telephone cold calls.
25 Defendant CRAFT, through AIS, also provided boiler room or ISO
26 services to individuals and companies interested in raising funds
27 from investors through telemarketing. The ISO services provided
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1 by defendant CRAFT, through AIS, included identifying
2 telemarketers and assisting with the preparation of sales
3 materials, telephone scripts, and private placement memoranda.

4 B. OBJECTS OF THE CONSPIRACY

5 3. Beginning in or about 2004, and continuing until in or
6 about May 2009, in Los Angeles County, within the Central
7 District of California, and elsewhere, defendants LLOYD, AGLER,
8 CRAFT, KESKEMETY, HERRMANN, MCCARTHY, WELLMAN, MORABITO, and
9 RAMIREZ, together with others known and unknown to the Grand
10 Jury, knowingly combined, conspired, and agreed to commit the
11 following offenses against the United States:

12 a. Mail fraud, in violation of Title 18, United
13 States Code, Section 1341;

14 b. Wire fraud, in violation of Title 18, United
15 States Code, Section 1343; and

16 c. Offering and selling unregistered securities, in
17 violation of Title 15, United States Code, Sections 77e and 77x.

18 C. MANNER AND MEANS OF THE CONSPIRACY

19 4. The objects of the conspiracy were carried out, and to
20 be carried out, in substance, as follows:

21 a. Co-conspirator #1 retained the services of
22 telemarketing closers to operate telemarketing boiler rooms to
23 raise funds for the Dolphin Movies. Consulting agreements
24 between the Q-Media entities, on the one hand, and the closers,
25 on the other hand, typically required the payment of
26 approximately 25 percent of investor money to closers responsible
27 for raising the funds. The closer who ran the boiler room
28 typically used the money to pay commissions to all telemarketers

1 involved in securing an investment. In addition to the
2 25 percent paid to the telemarketers, investor money was also
3 typically used to pay for lead lists purchased from AIS and
4 others, rent for the telemarketing boiler room, telephone bills
5 and mailing expenses incurred by the boiler room, and printing
6 costs for sales and promotional materials, among other things.

7 b. Closers, including defendants LLOYD, AGLER,
8 KESKEMETY, HERRMANN, MCCARTHY, and WELLMAN, used fronters to cold
9 call individuals from lead lists purchased from AIS and other
10 vendors. The defendants provided the fronters with scripts
11 touting the Dolphin Movies and the profitability of investing in
12 motion pictures, to use in soliciting potential investors.
13 Fronters who identified interested investors caused promotional
14 materials prepared by the defendants and their co-conspirators,
15 such as a private placement memorandum ("PPM"), subscription
16 agreement, and sales literature, to be delivered to interested
17 investors via the United States mails or interstate commercial
18 carriers. The fronters then turned the solicitation of investors
19 who welcomed the receipt of sales materials over to a closer.

20 c. The closers held themselves out as "assistant
21 producers," "associate producers," or "executive producers" of
22 the Dolphin Movies. Closers also often touted co-conspirator
23 #1's background as a former clandestine officer with the CIA in
24 order to assure victim investors that representations in the
25 solicitation materials and statements by the closers were true
26 and investments in the Dolphin Movies were safe.

27 d. Fronters and closers made material
28 misrepresentations, told material half-truths, and concealed

1 materials facts, when speaking to investors. As further
2 described below, these misrepresentations, half-truths, and
3 concealed facts related to, among other things, the percentage or
4 amount of investor money that would be spent on the production
5 and promotion of the Dolphin Movies (as opposed to the cost of
6 raising money from investors), the anticipated amount and timing
7 of returns to investors, whether investors would be the first in
8 line to receive these returns, the safety of the investment, the
9 existence of completed or almost-completed distribution
10 agreements, and the success of co-conspirator #1's previous film
11 projects.

12 e. Fronters and closers provided investors with
13 written materials indicating that the Dolphin Movies were
14 "projected" to make a 28 to 29 percent return on the investment
15 and could make up to well over a 1,000 percent return on the
16 investment.

17 f. Closers often invited investors to participate in
18 telephone conference calls for the purported purpose of providing
19 updates and information about the Dolphin Movies. After
20 providing conference call participants with updates about the
21 progress of the films, which updates usually included false and
22 misleading statements, the closers often attempted to "reload"
23 the investors, that is, to solicit new investment money from
24 prior investors. In order to generate enthusiasm in the
25 conference call participants, the closers often paid other
26 telemarketers to call into the conference calls posing as
27 investors (the "paid plants"). After the updated information was
28 provided, the paid plants would enthusiastically commit to

1 investing additional money into the films to induce other
2 participants in the calls to invest additional money in the
3 Dolphin Movies.

4 g. The closers urged many investors who had savings
5 in retirement accounts to liquidate those accounts and open self-
6 directed individual retirement accounts ("IRAs") that would
7 permit investments in the Dolphin Movies. The defendants and
8 their co-conspirators often represented to investors that
9 investments in the Dolphin Movies through the investors' IRA were
10 safe and secure because the investments could be held at self-
11 directed IRA custodians with names like "Sterling Trust."

12 h. Investors who sent money to invest in the Dolphin
13 Movies received certificates documenting their ownership interest
14 in one of the Dolphin Movies. These certificates were sent
15 through the United States mails and interstate commercial
16 carriers.

17 5. The investments in Paradise Productions LLC (for
18 Dolphin 1), Paradise Productions II LLC (for Dolphin 2), and
19 Q Media Assets LLC (for Dolphin 2) sold by the defendants to
20 investors consisted of partnership "Units" that were not
21 registered with the United States Securities and Exchange
22 Commission (the "SEC") in that no registration statement or
23 prospectus for the "Units" was ever filed with the SEC or
24 declared "effective" by the SEC, and no exemption to the
25 registration requirements applied. As a result, as the
26 defendants then knew, the offer and sale of the Units to
27 investors nationwide through the mails and interstate wires
28 violated the federal securities laws.

1 D. MATERIAL MISREPRESENTATIONS

2 6. The objects of the conspiracy were further carried
3 out by the defendants and their co-conspirators through the
4 following material false and fraudulent pretenses,
5 representations, and promises, among others:

6 a. That 96 percent of investor money in Paradise
7 Productions LLC would be used for the production, promotion, and
8 marketing of Dolphin 1, its soundtrack, and related revenue-
9 producing assets.

10 b. That 95 percent of investor money in Paradise
11 Productions II LLC would be used for the production, promotion,
12 and marketing of Dolphin 2, its soundtrack, and related revenue-
13 producing assets.

14 c. That over 83 percent of investor money in Q-Media
15 Assets LLC would be used in the production, promotion, and
16 marketing of Dolphin 2, and other revenue-producing assets.

17 d. That salespeople who sold Units in the Dolphin
18 Movies were employees who got paid for their work on the films
19 "on the backend."

20 e. That no commissions would be paid for the sale of
21 the Units in Paradise Productions LLC (Dolphin 1) and Paradise
22 Productions II LLC (Dolphin 2).

23 f. That no more than 17 percent of investor money in
24 Q-Media Assets (Dolphin 2) would be used to pay costs of
25 operating the entity, including costs associated with the offer
26 and sale of the Units, such as commissions.

1 g. That investors were expected to receive
2 substantial returns on their investments ranging from 28 percent
3 to well over 1,000 percent.

4 h. That Dolphin 1 was successful and investors in the
5 project made profits on the investment.

6 i. That distribution agreements in hand or under
7 negotiation would contribute significant revenue and minimize
8 risk to investors.

9 j. That sales of Units in the Dolphin Movies would
10 soon be sold out, were oversubscribed, or would soon be closed,
11 such that the investor would lose out on the opportunity to
12 invest unless the investor sent their money and paperwork in
13 soon.

14 k. That investors were "first in line" to receive
15 returns from revenues generated by the Dolphin Movies from
16 theatrical and video release, cable television, and international
17 distribution.

18 E. CONCEALMENT OF MATERIAL FACTS

19 7. In addition, the defendants and their co-conspirators
20 knowingly concealed and willfully caused others to conceal the
21 following material facts, among others, from investors and
22 potential investors:

23 a. That at least 35 percent of investor money was
24 used to pay sales commission and other expenses related to the
25 offer and sale of the Units in Paradise Productions (Dolphin 1),
26 Paradise Productions II (Dolphin 2), and Q-Media Assets (Dolphin
27 2).
28

1 b. That investors in the prior motion pictures
2 produced by co-conspirator #1 financed through telemarketers lost
3 most of their money.

4 c. That Dolphin 1 made only \$72,000 in ticket sales
5 in its theatrical release.

6 d. That investors in Dolphin 1 lost most of their
7 money.

8 F. OVERT ACTS

9 8. In furtherance of the conspiracy, and to accomplish
10 its objects, defendants LLOYD, AGLER, CRAFT, KESKEMETY, HERRMANN,
11 MCCARTHY, WELLMAN, MORABITO, and RAMIREZ, together with others
12 known and unknown to the United States Attorney, committed and
13 willfully caused others to commit the following overt acts, among
14 others, in the Central District of California and elsewhere:

15 Overt Act No. 1: On or before October 27, 2004,
16 defendant KESKEMETY participated in an interstate telephone call
17 with victim investor G.P. in Belair, Maryland, during which
18 defendant KESKEMETY solicited an investment in Dolphin 1 and told
19 G.P. that investment in Dolphin 1 carried no risk and the worst
20 case scenario was that G.P. would make a 200 percent return on
21 the investment.

22 Overt Act No. 2: In or about April 2007, defendant
23 WELLMAN participated in an interstate telephone call with victim
24 investor T.P.A. in Howell, New Jersey, during which defendant
25 WELLMAN solicited an investment in Dolphin 1 and told T.P.A. that
26 an investment in Dolphin 1 was a "sure thing" and that T.P.A.
27 would at least double his money.
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1 Overt Act No. 3: In or about July 2007, defendant
2 HERRMANN sent a package via FedEx to victim investor J.M. in Port
3 Orchard, Washington, containing a subscription agreement and IRA
4 rollover documentation from Sterling Trust for an investment in
5 Dolphin 1.

6 Overt Act No. 4: In or about October 2007, defendant
7 KESKEMETY participated in an interstate telephone call with
8 victim investor D.S. in Soperton, Georgia, during which defendant
9 KESKEMETY solicited D.S. to invest in Dolphin 2, told D.S. that
10 investment in Dolphin 2 had minimal risk and was a slam dunk, and
11 warned D.S. not to miss the opportunity.

12 Overt Act No. 5: On or before October 29, 2007,
13 defendant KESKEMETY purchased a lead list from AIS for use in
14 soliciting investors to invest in movies produced by co-
15 conspirator #1, including "Eye of the Dolphin."

16 Overt Act No. 6: In or about early January 2008,
17 defendant HERRMANN sent a package via FedEx to victim investor
18 J.M.P. in Farmington Hills, Michigan, containing sales literature
19 for an investment in Dolphin 2 and a document titled "Sales
20 Analysis" that included four profitability estimates for the
21 film.

22 Overt Act No. 7: In or about early January 2008, a co-
23 conspirator and defendant AGLER participated in an interstate
24 telephone call with victim investor J.M. in Port Orchard,
25 Washington, during which defendant AGLER, using the false name
26 "Paul Kingman," said that Q Media had just received a foreign
27 distribution contract for Dolphin 2 for enough money to cover all
28 of the \$5 million put into the film by investors.

1 Overt Act No. 8: On or about January 22, 2008,
2 defendants LLOYD and AGLER conducted an interstate telephone
3 conference call with investors during which defendants LLOYD and
4 AGLER claimed that Dolphin 1 was successful, was sold through
5 Wal-Mart Stores, Inc., and was "always rented" out at
6 Blockbuster, before soliciting investments in Dolphin II.

7 Overt Act No. 9: In or about March 2008, defendant
8 WELLMAN participated in an interstate telephone call with victim
9 investor L.J. in Linden, Virginia, during which defendant WELLMAN
10 solicited L.J. to invest in Dolphin 2.

11 Overt Act No. 10: In or about April 2008, defendant
12 MCCARTHY participated in an interstate telephone call with victim
13 investor G.R. in Falls Church, Virginia, during which defendant
14 MCCARTHY said that Dolphin 1 had been successful and solicited an
15 investment in Dolphin 2 from G.R.

16 Overt Act No. 11: In or about May 2008, defendant
17 MCCARTHY sent a package via FedEx to victim investor D.D. in
18 Tuscon, Arizona, containing sales literature for an investment in
19 Dolphin 2 and a document titled "Sales Analysis" that included
20 four profitability estimates for the film.

21 Overt Act No. 12: On or about May 28, 2008, defendant
22 MORABITO sent a package via FedEx to victim investor P.P. in
23 Saint Paul, Minnesota, containing sales literature for an
24 investment in Dolphin 2, including a PPM, subscription agreement,
25 and correspondence.

26 Overt Act No. 13: On or about July 1, 2008, defendant
27 MORABITO participated in an interstate telephone call with victim
28 investor D.B. in Endwell, New York, during which defendant

1 MORABITO reviewed sales literature sent to D.B. for investment in
2 Dolphin 2 and told D.B. that Dolphin 1 had been successful and
3 profitable.

4 Overt Act No. 14: On or about August 6, 2008,
5 defendants LLOYD and AGLER conducted an interstate telephone
6 conference call with investors during which defendants LLOYD and
7 AGLER, while soliciting investments in Dolphin 2, claimed that
8 Dolphin 1 had been released in 123 theaters and on DVD, and that
9 "tens of millions" of people had viewed the movie.

10 Overt Act No. 15: On or about August 27, 2008,
11 defendant AGLER conducted an interstate telephone conference call
12 with investors during which defendant AGLER solicited investments
13 in Dolphin 2 and represented that the Walt Disney Company had
14 agreed to purchase advertising space on the WeEarth.com website,
15 which constituted another source of revenue and profits for
16 investors in Dolphin 2.

17 Overt Act No. 16: In or about October 2008, defendant
18 CRAFT entered into an agreement with co-conspirator #1 to provide
19 unlimited sales lead lists and ISO services such as telemarketers
20 and sales strategies in exchange for payment of approximately
21 \$20,000 per month for 12 months.

22 Overt Act No. 17: On or about December 17, 2008,
23 defendant AGLER, using the false name "Paul Kingman,"
24 participated in an interstate telephone call with victim investor
25 C.H. in Mesa, Arizona, during which defendant AGLER solicited an
26 investment in Dolphin 2 and told C.H. that investment in
27 Dolphin 2 was safe and secure because the producers of Dolphin 2
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1 were negotiating a distribution agreement with Paramount Studios
2 that would cover the production costs of the film.

3 Overt Act No. 18: On or about January 15, 2009,
4 defendant HERRMANN participated in an interstate telephone call
5 with victim investor N.P. in Knoxville, Tennessee, during which
6 defendant HERRMANN solicited an investment in Dolphin 2 by
7 telling N.P. that the prior film, Dolphin 1, had been successful
8 and that investment in Dolphin 2 was low risk.

9 Overt Act No. 19: In or about March 2009, defendants
10 WELLMAN and RAMIREZ participated in an interstate telephone call
11 with victim investor T.P.A. in Howell, New Jersey, during which
12 defendants WELLMAN and RAMIREZ solicited an investment in
13 Dolphin 2 by telling T.P.A. that investors in prior movies
14 produced by Q Media and co-conspirator #1 had invested hundreds
15 of thousands of dollars and made millions on the investments.

16 Overt Act No. 20: On or about May 1, 2009, defendant
17 RAMIREZ participated in an interstate telephone call with victim
18 investor J.M.P. in Farmington Hills, Michigan, during which
19 defendant RAMIREZ told J.M.P. that the worst case scenario was
20 that Dolphin 2 would make \$2 to \$5 million in its theatrical
21 release.
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COUNTS TWO THROUGH ELEVEN

[18 U.S.C. § 1341]

9. The Grand Jury repeats, realleges, and incorporates paragraphs 1 and 2 and paragraphs 4 through 8 of this Indictment as though fully set forth herein in their entirety.

10. Beginning in or about 2004, and continuing to at least in or about May 2009, in Los Angeles County, within the Central District of California, and elsewhere, defendants LLOYD, AGLER, CRAFT, KESKEMETY, HERRMANN, MCCARTHY, WELLMAN, MORABITO, and RAMIREZ, together with others known and unknown to the Grand Jury, knowingly and with the intent to defraud, devised, participated in, and executed a scheme to defraud investors in the Dolphin Movies as to material matters, and to obtain money from such investors by means of materially false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

G. THE MAILINGS

11. On or about the dates set forth below, within the Central District of California, and elsewhere, defendants LLOYD, AGLER, CRAFT, KESKEMETY, HERRMANN, MCCARTHY, WELLMAN, MORABITO, and RAMIREZ, for the purpose of executing and attempting to execute the above-described scheme to defraud, caused the following items to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service and by private and commercial interstate carrier, according to the directions thereon:

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COUNT	DEFENDANTS	DATE	MAIL MATTER	FROM/TO
TWO	KESKEMETY, CRAFT	6/2007	PPM for investment in Paradise Productions LLC	Q Media in the Central District of California to victim G.P. in Bel Air, Maryland
THREE	HERRMANN, LLOYD, CRAFT	7/27/07	Subscription agreement and Sterling Trust IRA rollover documents for investment in Paradise Productions II LLC	Q Media in the Central District of California to victim J.M. in Port Orchard, Washington
FOUR	KESKEMETY, CRAFT	10/2007	Subscription agreement and IRA rollover documents for investment in Paradise Productions II LLC	Victim D.S. in Soperton, Georgia, to Q Media in the Central District of California
FIVE	HERRMANN, LLOYD, CRAFT	1/2008	Sales literature for investment in Paradise Productions II LLC	Q Media in the Central District of California to victim J.M.P. in Farmington Hills, Michigan
SIX	MCCARTHY, LLOYD, CRAFT	4/14/08	Sales literature for investment in Q Media Assets LLC	Q Media in the Central District of California to victim G.R. in Falls Church, Virginia
SEVEN	MCCARTHY, LLOYD, CRAFT	5/8/08	IRA rollover documents for investment in Q Media Assets LLC	Victim D.D. in Tuscon, Arizona, to Q Media in the Central District of California

COUNT	DEFENDANTS	DATE	MATTER	FROM/TO
EIGHT	MORABITO, LLOYD, CRAFT	5/28/08	Sales literature for investment in Paradise Productions II LLC	Q Media in the Central District of California to victim P.P. in Saint Paul, Minnesota
NINE	AGLER, LLOYD, CRAFT	7/30/08	Subscription agreement for investment in Q Media Assets LLC	Victim M.M. in Kansas City, Missouri, to Q Media in the Central District of California
TEN	WELLMAN, AGLER, CRAFT	9/29/08	Subscription agreement and Sterling Trust IRA rollover documents for investment in Q Media Assets LLC	Victim J.M. in Port Orchard, Oregon, to Q Media in the Central District of California
ELEVEN	AGLER, MCCARTHY, LLOYD, CRAFT	12/18/08	Subscription agreement for investment in Q Media Assets LLC	Victim K.H. in Mesa, Arizona, to Q Media in the Central District of California

COUNTS TWELVE THROUGH TWENTY

[18 U.S.C. § 1343]

12. The Grand Jury repeats, realleges, and incorporates paragraphs 1 and 2 and paragraphs 4 through 8 of this Indictment as though fully set forth herein in their entirety.

13. Beginning in or about 2004, and continuing to at least in or about May 2009, in Los Angeles County, within the Central District of California, and elsewhere, defendants LLOYD, AGLER, CRAFT, HERRMANN, MCCARTHY, WELLMAN, MORABITO, and RAMIREZ, together with others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud investors in the Dolphin Movies as to material matters, and to obtain money and property from such investors by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

H. THE WIRES

13. On or about the dates set forth below, within the Central District of California, and elsewhere, defendants LLOYD, AGLER, CRAFT, HERRMANN, MCCARTHY, WELLMAN, MORABITO, and RAMIREZ, for the purpose of executing the above-described scheme to defraud, transmitted, caused the transmission of, the following items by means of wire and radio communication in interstate and foreign commerce:

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COUNT	DEFENDANTS	DATE	ITEM WIRED
TWELVE	WELLMAN, LLOYD, CRAFT	4/2007	Telephone call from the Central District of California to victim T.P.A. in Howell, New Jersey
THIRTEEN	AGLER, LLOYD, CRAFT	1/2008	Telephone call from the Central District of California to victim J.M. in Port Orchard, Washington
FOURTEEN	LLOYD, AGLER	1/22/08	Telephone conference call from the Central District of California including victim J.M.P. in Farmington Hills, Michigan
FIFTEEN	WELLMAN, LLOYD, CRAFT	3/2008	Telephone call from the Central District of California to victim L.J. in Linden, New Jersey
SIXTEEN	MORABITO, LLOYD, CRAFT	7/1/08	Telephone call from the Central District of California to victim D.B. in Endwell, New York
SEVENTEEN	LLOYD, AGLER	8/6/08	Telephone conference call from the Central District of California including investor D.B. in Endwell, New York
EIGHTEEN	HERRMANN, LLOYD, CRAFT	1/15/09	Telephone call from the Central District of California to victim N.P. in Knoxville, Tennessee
NINETEEN	RAMIREZ, WELLMAN	3/2009	Telephone call from the Central District of California to victim T.P.A. in Howell, New Jersey
TWENTY	RAMIREZ	6/1/09	Telephone call from the Central District of California to victim J.M.P. in Farmington Hills, Michigan

COUNTS TWENTY-ONE THROUGH TWENTY-NINE

[15 U.S.C. §§ 77e and 77x; 18 U.S.C. § 2]

15. The Grand Jury repeats, realleges, and incorporates paragraphs 1 and 2 and paragraphs 4 through 8 of this Indictment as though fully set forth herein in their entirety.

16. On or about the following dates, in the Central District of California, and elsewhere, defendants LLOYD, AGLER, CRAFT, KESKEMETY, HERRMANN, MCCARTHY, WELLMAN, MORABITO, and RAMIREZ, directly and indirectly, aided and abetted by each other, together with others known and unknown to the Grand Jury, willfully used and caused to be used the means and instruments of transportation and communication in interstate commerce and the mails to sell the following securities of Paradise Productions LLC, Paradise Productions II LLC, and Q Media Assets LLC, when no registration statements were filed with the SEC and in effect as to such securities:

COUNT	DEFENDANTS	DATE	SALE OF UNREGISTERED SECURITIES
TWENTY-ONE	WELLMAN, LLOYD, CRAFT	9/12/07	Units of Paradise Productions LLC to victim T.P.A.
TWENTY-TWO	KESKEMETY, CRAFT	10/2007	Units of Paradise Productions II LLC to victim D.S.
TWENTY-THREE	MCCARTHY, LLOYD, CRAFT	6/20/08	Units of Q Media Assets LLC to victim D.D.
TWENTY-FOUR	WELLMAN, LLOYD, CRAFT	6/23/08	Units of Q Media Assets LLC to victim L.J.
TWENTY-FIVE	HERRMANN, LLOYD, CRAFT	8/4/08	Units of Paradise Productions II LLC to victim J.M.P.
TWENTY-SIX	AGLER, LLOYD, CRAFT	8/8/08	Units of Q Media Assets LLC to victim M.M.

COUNT	DEFENDANTS	DATE	SALE OF UNREGISTERED SECURITIES
TWENTY-SEVEN	MCCARTHY, LLOYD, CRAFT	8/8/08	Units of Q Media Assets LLC to victim G.R.
TWENTY-EIGHT	MORABITO, LLOYD, CRAFT	8/25/08	Units of Q Media Assets LLC to victim D.B.
TWENTY-NINE	HERRMANN, LLOYD, CRAFT	1/30/09	Units of Paradise Productions II LLC to victim J.M.

COUNTS THIRTY AND THIRTY-ONE

[18 U.S.C. §§ 1957(a), 2]

17. The Grand Jury repeats, realleges, and incorporates paragraphs 1 and 2 and paragraphs 4 through 8 of this Indictment as though fully set forth herein in their entirety.

18. On or about the dates set forth below, in San Bernardino County, within the Central District of California, and elsewhere, defendant JAMES LLOYD, together with others known and unknown to the Grand Jury, knowing that the funds involved represented the proceeds of some form of unlawful activity, conducted and willfully caused others to conduct the following monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, which property, in fact, was derived from specified unlawful activity, namely mail and wire fraud in violation of Title 18, United States Code, Sections 1341 and 1343, respectively:

COUNT	DATE	FINANCIAL TRANSACTION
THIRTY	7/6/07	Check # 7116 in the amount of \$12,500 payable to Lake Arrowhead Country Club
THIRTY-ONE	4/13/09	Check # 7678 in the amount of \$35,001.88 payable to Toyota of San Bernardino

COUNT THIRTY-TWO

[26 U.S.C. § 7201]

19. The Grand Jury repeats, realleges, and incorporates paragraphs 1 and 2 and paragraphs 4 through 8 of this Indictment as though fully set forth herein in their entirety.

20. During the calendar year 2007, defendant JOEL LEE CRAFT JR. ("defendant CRAFT") had and received taxable income in the sum of approximately \$426,682. Well knowing and believing the foregoing facts, on or about April 15, 2008, in Orange County, within the Central District of California, and elsewhere, defendant CRAFT did willfully attempt to evade and defeat the income tax due and owing by him to the United States of America for the calendar year by failing to make an income tax return on or before April 15, 2008, as required by law, to any proper officer of the Internal Revenue Service; by failing to pay to the Internal Revenue Service the income tax; and by concealing and attempting to conceal from all proper officers of the United States of America his true and correct income.

COUNT THIRTY-THREE

[26 U.S.C. § 7201]

21. The Grand Jury repeats, realleges, and incorporates paragraphs 1 and 2 and paragraphs 4 through 8 of this Indictment as though fully set forth herein in their entirety.

22. During the calendar year 2008, defendant JOEL LEE CRAFT JR. ("defendant CRAFT") had and received taxable income in the sum of approximately \$289,559. Well knowing and believing the foregoing facts, on or about April 15, 2009, in Orange County, within the Central District of California, and elsewhere, defendant CRAFT did willfully attempt to evade and defeat the income tax due and owing by him to the United States of America for the calendar year by failing to make an income tax return on or before April 15, 2009, as required by law, to any proper officer of the Internal Revenue Service; by failing to pay to the

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1 Internal Revenue Service the income tax; and by concealing and
2 attempting to conceal from all proper officers of the United
3 States of America his true and correct income.

4 A TRUE BILL

6 Foreperson

8 ANDRÉ BIROTTE JR.
United States Attorney

9 *Donny C. Kim*
Dep. Asst. Dir. Crim. Div. FBI

10 ROBERT E. DUGDALE
11 Assistant United States Attorney
Chief, Criminal Division

12 BEONG-SOO KIM
13 Assistant United States Attorney
Chief, Major Frauds Section

14 STEPHEN A. CAZARES
15 Assistant United States Attorney
Deputy Chief, Major Frauds Section

16 ELLYN MARCUS LINDSAY
17 Assistant United States Attorney
Major Frauds Section